



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

RQ-2

August 2, 2015

FRED H. PAGE, TREASURER
KELLY FOR CONGRESS
5221-A CLIFF GOOKIN BLVD
TUPELO, MS 38801

Response Due Date

09/08/2015

IDENTIFICATION NUMBER: C00573980

REFERENCE: 30 DAY POST-RUN-OFF REPORT (05/14/2015 - 06/22/2015)

Dear Treasurer:

This letter is prompted by the Commission's preliminary review of the report referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **Failure to adequately respond by the response date noted above could result in an audit or enforcement action.** Additional information is needed for the following **11** item(s):

1. Schedule A of your report discloses one or more contributions that appear to exceed the limits set forth in the Act (see attached).

An individual or a political committee other than an authorized committee or qualified multi-candidate committee may not make a contribution(s) to a candidate for federal office in excess of \$2,700 per election. An authorized committee may not make a contribution(s) to a candidate for federal office in excess of \$2,000 per election. A qualified multi-candidate committee and all affiliated committees may not make a contribution(s) to a candidate for federal office in excess of \$5,000 per election. The term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for federal office. (52 U.S.C. § 30116(a) and (f) (formerly 2 U.S.C. § 441a(a) and (f)); 11 CFR § 110.1(b), (e) and (k))

If any apparently excessive contribution in question was incompletely or incorrectly disclosed, you must amend your original report with the clarifying information. If any contribution you received exceeds the limits, you may have to refund the excessive amount.

Excessive contributions may be retained if, within 60 days of receipt, the excessive portions are properly redesignated or reattributed. Guidelines for

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each option are provided below.

For reattributions, excessive contributions from individuals can be retained if, within 60 days of receipt, the excessive amount is properly reattributed to another person. Please note that reattributions only apply to excessive contributions from individuals. An excessive contribution is considered properly reattributed if (1) the contributors provide the committee with written documentation, signed by each contributor, authorizing a reattribution and indicating the amount of the contribution to be attributed to each contributor; or (2) the committee reattributes by presumption the excessive portion of the contribution if the contribution was made on a written instrument from a joint account and was signed by only one of the account holders. In this case, the treasurer must notify the contributors in writing within 60 days of receiving the contribution that the committee intends to reattribute the excessive portion and must give the contributor an opportunity to request a refund. (11 CFR § 110.1(k)(3)(ii)(B))

For redesignations, the funds can be retained if, within 60 days of receipt, the excessive amount is properly redesignated for a different election. An excessive contribution is considered properly redesignated if (1) the committee obtains signed written documentation from the contributor(s) authorizing the redesignation of the contribution for another election, provided that the new designation does not exceed the limitations on contributions made with respect to that election; or (2) your committee redesignates by presumption the excessive portion of the contribution for another election provided that the new designation does not exceed the limitations on contributions made with respect to that election. In this case, the treasurer must notify the contributor of the redesignation in writing within 60 days of the treasurer's receipt of the contribution. The notification must give the contributor an opportunity to request a refund. (11 CFR § 110.1(b)(5)(ii)(B)) Please note that you cannot presumptively redesignate an excessive contribution from a multi-candidate committee. Also, a contribution can only be redesignated to a previous election to the extent that the contribution does not exceed the committee's net debts outstanding for that election. (11 CFR § 110.1(b)(3)(i))

If the foregoing conditions for reattributions or redesignations are not met within 60 days of receipt of the contribution, the excessive amount must be refunded. See 11 CFR § 103.3(b)(1).

If you have not already done so, please inform the Commission of your

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corrective action immediately in writing and provide photocopies of any refund checks and/or letters reattributing or redesignating the contributions in question. Refunds are reported on Line 20(a), (b), or (c), as applicable, of the Detailed Summary Page and on a supporting Schedule B of the report covering the period in which they are made. Redesignations and reattributions are reported as memo entries on Schedule A of the report covering the period in which the authorization for the redesignation and/or reattribution is received. (11 CFR § 104.8(d)(2), (3) and (4))

Although the Commission may take further legal action concerning the acceptance of excessive contributions, your prompt action to refund, redesignate, and/or reattribute the excessive amount will be taken into consideration.

2. Schedule A of your report discloses one or more contributions received after the 2015 Runoff Election that are designated for the 2015 Runoff Election. These contributions may only be accepted to the extent that the committee has net debts outstanding from the 2015 Runoff election. For more information on how to calculate net debts outstanding, please see page 27 of the Campaign Guide for Congressional Candidates and Committees, which is available online at <http://www.fec.gov/pdf/candgui.pdf>. (11 CFR § 110.1(b)(3)(i))

A contribution is considered made when the contributor relinquishes control over the contribution. A contributor shall be considered to have relinquished control over the contribution when it is delivered to the candidate, when it is delivered to an authorized committee of the candidate, or to an agent of an authorized committee of the candidate. A contribution that is mailed to any of the aforementioned recipients will be considered made on the date of the postmark. Envelopes should be retained for the committee's records. (11 CFR § 110.1(b)(6))

If any contribution in question was incompletely or incorrectly disclosed, you must amend your original report with the clarifying information.

If a contribution exceeds the amount of net debts outstanding from the 2015 Runoff election, you may have to refund or redesignate the contribution.

The funds can be retained if, within 60 days of receipt, the excessive amount was properly redesignated for a different election. An excessive contribution is considered properly redesignated if (1) the committee obtains signed written documentation from the contributor(s) authorizing the redesignation of the

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contribution for another election provided that the new designation does not exceed the limitations on contributions made with respect to that election, or (2) the committee redesignates by presumption the excessive portion of the contribution for another election provided that the new designation does not exceed the limitations on contributions made with respect to that election. In this case, the treasurer must notify the contributor of the redesignation in writing within 60 days of the treasurer's receipt of the contribution. The notification must give the contributor an opportunity to request a refund. (11 CFR § 110.1(b)(5)(ii)(B))

If the foregoing conditions for redesignations are not met within 60 days of receipt, the excessive amount must be refunded. See 11 CFR § 103.3(b)(3).

If you have not already done so, please inform the Commission of your corrective action immediately in writing and provide photocopies of any refund checks and/or letters redesignating the contributions in question. Refunds are reported on Line 20(a), (b) or (c), as applicable, of the Detailed Summary Page and on a supporting Schedule B of the report covering the period in which they are made. Redesignations are reported as memo entries on Schedule A of the report covering the period in which the authorization for the redesignation is received. (11 CFR § 104.8(d)(2), (3) and (4))

Although the Commission may take further legal action concerning the acceptance of excessive contributions, your prompt action to refund or redesignate the excessive amount will be taken into consideration.

3. Schedule A of your report discloses one or more contributions that appear to be from a limited liability corporation(s) (LLC) (see attached). 11 C.F.R. §110.1(g) allows the receipt of contributions from LLCs providing the LLC is treated as a partnership for tax purposes, and has not elected to be treated as a corporation by the Internal Revenue Service (IRS). Both LLCs that claim corporate status and those that publicly traded would be treated as corporations for FECA purposes.

Please amend your report to clarify if the LLCs in question are treated as partnerships. If any apparently prohibited contribution in question was incompletely or incorrectly disclosed, you must amend your original report with clarifying information. 52 U.S.C. § 30116(f) (formerly 2 U.S.C. §441a(f)) prohibits a candidate for federal office from accepting contributions from a person in excess of \$2,700 per election. A partnership is included in the definition of "person" under 52 U.S.C. § 30101(11) (formerly 2 U.S.C.

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§431(11)).

If you have received prohibited contributions, you must make a refund. (11 CFR § 103.3(b)(1)) The refund must be made within 30 days of the treasurer becoming aware of the illegality of the contribution. (11 CFR § 103.3(b)(2))

If you have not already done so, please inform the Commission of your corrective action immediately in writing and provide a photocopy of any refund checks. Refunds must be reported on a Schedule B supporting Line 20(a) of the report covering the period in which the refund was made. (11 CFR § 104.8(d)(4))

Although the Commission may take further legal action concerning the acceptance of prohibited contributions, your prompt action to refund the prohibited amount will be taken into consideration.

4. The totals listed on Line(s) 6(a), 6(c), 7(a), 7(c), 11(a)(iii), 11(b), 11(c), 11(e), 13(a), 13(c), 16, 17, 19(a), 19(c), and 22, Column B of the Summary and Detailed Summary Page(s) appear to be incorrect. Column B figures for the Summary and Detailed Summary Pages should equal the sum of the Column B figures on your previous report and the Column A figures on this report. Please file an amendment to your report to correct the Column B discrepancies for this report and all subsequent report(s) which may be affected by this correction. Note that Column B should reflect only the election cycle-to-date totals (11/05/2014 through 6/02/2015). (52 U.S.C. § 30104(b) (formerly 2 U.S.C. § 434(b)) and 11 CFR § 104.3)

5. The beginning cash balance of this report does not equal the ending balance of your 12 Day Pre-Runoff Report. Please correct this discrepancy and amend all subsequent reports that may be affected by the correction. (52 U.S.C. § 30104(b)(1) (formerly 2 U.S.C. § 434(b)(1)) and 11 CFR § 104.3(a)(1))

6. Schedule A of your report indicates that your committee may have failed to file one or more of the required 48-hour notices regarding "last minute" contributions received by your committee after the close of books for the 12 Day Pre-Runoff Report (see attached). A principal campaign committee must notify the Commission, in writing, within 48 hours of any contribution of \$1,000 or more received between two and twenty days before an election. These contributions are then reported on the next report required to be filed by the committee. To ensure that the Commission is notified of last minute

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contributions of \$1,000 or more to your campaign, it is recommended that you review your procedures for checking contributions received during the aforementioned time period. The failure to file 48-hour notices may result in civil money penalties or legal enforcement action. (11 CFR § 104.5(f))

If any contribution of \$1,000 or more was incorrectly reported, you must amend your original report with the clarifying information.

7. Your committee filed 48-hour notices reporting the following "last minute" contributions (see attached). However, these contributions do not appear on Schedule A of this report. Please amend your report to include these contributions or provide an explanation of these apparent discrepancies. (11 CFR § 104.3(a)(4)(i))

8. Your committee filed 48-hour notices disclosing "last minute" contributions (see attached). However, only partial amounts of these contributions have been disclosed on Schedule A of this report. Please amend your report to include the entire amounts of these contributions or provide an explanation of the apparent discrepancies. (11 CFR § 104.3(a)(4)(i))

9. On Schedule B supporting Line 17 of your report, you have itemized disbursements for which you have failed to include the address and purpose. Please amend your report to include the missing information. (11 CFR § 104.3(b)(4))

10. Itemized disbursements must include a brief statement or description of why each disbursement was made. Please amend Schedule B supporting Line 17 of your report to clarify the following description(s): "Admin Exp," "Administrative Exp," "Contract," "Event," and "Fundraising." For further guidance regarding acceptable purposes of disbursement, please refer to 11 CFR 104.3(b)(4)(i)(A).

Additional clarification regarding inadequate purposes of disbursement published in the Federal Register is available on the FEC website at www.fec.gov/law/policy/purposeofdisbursement/inadequate_purpose_list_3507.pdf. A non-exhaustive list of acceptable purposes is also available on the FEC website at <http://www.fec.gov/rad/pacs/documents/ExamplesofAdequatePurposes.pdf>.

11. Schedule B of your report discloses reimbursements to individuals for the following disbursement(s): "Exp Reimb." Please be advised that when

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itemizing reimbursements to individuals for goods or services, if the payment to the original vendor aggregates in excess of \$200 in an election cycle, a memo entry including the name and address of the original vendor, as well as the date, amount and purpose of the original purchase must be provided. Please amend your report to include the missing information on Schedule B and clearly identify each memo entry supporting a reimbursement. If itemization is not necessary, you must indicate so in an amendment to this report. (11 CFR §§ 104.3(b)(4)(i) and 104.9, and Advisory Opinions 1992-1 and 1996-20, footnote 3)

- Your report disclosed a category of financial activity that appears to be disclosed on the wrong line of the Detailed Summary Page. For your information and consideration when preparing future filings, contributions from other political committees should be properly disclosed on a separate Schedule A, supporting Line 11(c) of the Detailed Summary Page, and contributions from individuals should be properly disclosed on a separate Schedule A, supporting Line 11(a)(i) of the Detailed Summary Page. Please refer to the Form 3 instructions for each line when determining the proper categorization(s) for your next filing. (11 CFR § 104.3(a) and (b))

- Please be advised that the FEC Committee ID numbers for the following contributions from political committees appear to be incorrect: Associated Builders & Contractors PAC (C70003355), Independent Insurance Agents & Brokers of America Inc (C90015249), and National Association of Home Builders Political Action Committee (C30001366). Use of incorrect FEC Committee ID numbers may create difficulty in identifying the contributing committee for the public record. (11 CFR § 104.3(a)(4))

Please note, you will not receive an additional notice from the Commission on this matter. Adequate responses must be received by the Commission on or before the due date noted above to be taken into consideration in determining whether audit action will be initiated. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action. **Requests for extensions of time in which to respond will not be considered.**

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended.

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If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1171.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Grainger". The signature is fluid and cursive, with the first letter of the last name being a large, stylized "G".

Jessica Grainger
Campaign Finance Analyst
Reports Analysis Division

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**Excessive, Prohibited, and Impermissible Contributions
Kelly for Congress (C00573980)**

Excessive Contributions from Individuals

Contributor Name	Date	Amount	Election
Wright, Douglas M Jr	6/1/15	\$2,700.00	R2015
Wright, Douglas M Jr	5/5/15	\$2,500.00	R2015

Contributions from Possible Prohibited Entities

Contributor Name	Date	Amount	Election
Al Gilless Development, LLC	6/1/15	\$500.00	R2015
Don Evans, PLLC	5/22/15	\$500.00	R2015
Prewett Holdings LLC	6/1/15	\$5,000.00	R2015
Tannehill, Carmean & McKenzie, PLLC	5/22/15	\$1,000.00	R2015
Wesley Webb LLC	5/27/15	\$250.00	R2015

Missing 48-Hour Notices
Kelly for Congress (C00573980)

Contributor Name	Date	Amount	Election
First American National Bank	5/14/15	\$50,000.00	R2015

**Incorrectly Reported Receipts on 48-Hour Notices
Kelly for Congress (C00573980)**

48 Hour Notices Filed/Contributions Not Disclosed on Schedule A

Contributor Name	Date	Amount
Caterpillar Employees Political Action Committee	5/26/15	\$5,000.00
Kelly, John Trent	5/14/15	\$50,000.00

48 Hour Notices Filed/Only Partial Contributions Disclosed on Schedule A

Contributor Name	Date	Amount
Deloitte Federal Political Action Committee	5/26/15	\$3,000.00
Farabaugh, Paul	5/27/15	\$1,000.00